

## REMARKS

Applicant has carefully reviewed the office action mailed June 14, 2006 and offers the following remarks to accompany the above amendments.

Claims 4, 5, 14-16, 25, 28, 34, 35, and 37 have been amended to correct typographical errors and antecedent basis. No new matter has been added and no new search is required.

Claims 1, 12, 23, and 33 were rejected under 35 U.S.C. § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Specifically, the Patent Office opined that the recitations “paying the first user the reseller commission set for the file” and “paying the content owner a payment...” are vague and indefinite. Applicant respectfully disagrees. Claims 1, 12, 23, and 33 all recite the positive steps of paying the first user the reseller commission set for the file if the second user downloads the particular file from the third party website and paying the content owner a payment based on the retail price minus the reseller commission. The invention does not require a particular entity to perform the payment steps; therefore, the claims do not require such identification. What is required is that the steps be performed should the conditions be met. Applicant respectfully submits that this is all that is required for definiteness and clarity, and thus, the claims as written are compliant with 35 U.S.C. § 112, second paragraph.

Claims 1, 3, 4, 10-12, and 15 were rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent Application Publication No. 2002/0146122 A1 to Vestergaard et al. (hereinafter “Vestergaard”). Applicant respectfully traverses. For the Patent Office to establish *prima facie* obviousness, the Patent Office must show where each and every claim element is located. MPEP § 2143.03. If the Patent Office must modify a reference to include a missing claim element, the Patent Office must provide a motivation to modify the reference. Furthermore, the Patent Office must support any such motivation with actual evidence. *In re Kotzab*, 217 F.3d 1365, 1370 (Fed. Cir. 2000). If the Patent Office cannot establish obviousness, the claims are allowable.

Claim 1 recites in part the step of allowing a content owner to post a file on the marketplace for access by users by providing information about the file, setting a retail price that users will be charged for downloading the file, and setting a reseller commission for the file. The claim requires that the content owner perform all three of these steps. Applicant respectfully submits that Vestergaard does not teach or suggest the content owner setting a reseller

commission for the file. The Patent Office asserts this element is disclosed by Vestergaard at paragraph 0152. Applicant respectfully traverses.

Paragraph 0152 merely discusses the MPE Distributor field, stating that any previously entered distributor may be selected from a pull down menu or a new distributor may be entered. The cited paragraph merely states that “[c]ompensation can be in terms of a percentage of gross revenues, or based on a flat rate. In the preferred embodiment, the distributor percentage field is set to default at 25% of gross receipts.” (Vestergaard, paragraph 0152). The cited section of Vestergaard is silent as to who sets the compensation. Thus, Vestergaard cannot be said to teach that the content owner sets a reseller commission for the file. Moreover, nothing in Vestergaard indicates that the compensation is for the file, as required by the claim. Instead, the compensation for the distributor in Vestergaard seems to be based on a percentage of total revenues, or a flat rate. Thus, Vestergaard does not teach or suggest the content owner setting a reseller commission for the file, as required by claim 1. Since Vestergaard does not teach or suggest each and every element of the claim, claim 1 is patentable.

In addition, claim 1 recites “allowing a first user to search for files posted on the digital marketplace for one to resell on a third party website.” (Office Action mailed June 14, 2006, p. 4). The Patent Office admits that Vestergaard does not disclose this element. However, the Patent Office asserts that Vestergaard at paragraphs 0157-0162, and Figure 11, discloses a MPE Distributor Editor, which allows distributors to select which tracks they want to sell, and that it would have been obvious to modify Vestergaard “because it improves the flexibility of the distributor in deciding which files they want to sell on their marketplace.” (Office Action mailed June 14, 2006, p. 4). Applicant respectfully submits that the Patent Office has failed to provide any actual evidence in support of its stated motivation to modify Vestergaard. *In re Kotzab*, 217 F.3d 1365, 1370 (Fed. Cir. 2000). Since the Patent Office has failed to provide the requisite evidence, the proposed modification is improper. Since the proposed modification is improper, and the Patent Office has admitted that the unmodified Vestergaard does not teach each and every element, claim 1 is patentable over Vestergaard.

Further, the proposed motivation to modify Vestergaard does not compel the modification. Just because the distributor of Vestergaard wants to improve flexibility does not necessarily result in a first user being allowed to search for files posted on the digital marketplace for one to resell on a third party website, as required by the claim. In fact, in

Vestergaard, only one MPE distributor at a time may be specified (see paragraph 0153). This would indicate that Vestergaard does not allow a first user to search for files posted on the digital marketplace for one to resell on a third party website since there is already a specified distributor. Thus, Vestergaard does not teach or suggest “allowing a first user to search for files posted on the digital marketplace for one to resell on a third party website,” as required by claim 1. Claim 1 is therefore patentable for this additional reason.

Moreover, claim 1 recites “if the second user downloads the particular file from the third party website, paying the first user the reseller commission set for the file; and paying the content owner a payment based on the retail price minus the reseller commission.” The Patent Office admits that Vestergaard does not explicitly disclose this element. (Office Action mailed June 14, 2006, p. 4). However, the Patent Office asserts that Vestergaard at paragraphs 0094 and 0152-0154, “discloses that the distributor is compensated a percentage of the gross revenues or based on a flat rate for each file distributed, while the content owner is also paid a percentage of the gross revenue of the file.” (Office Action mailed June 14, 2006, p. 4). The Patent Office goes on to state that it would have been obvious to modify Vestergaard “because the marketplace is an e-commerce business which works as a typical business which ensures each party is compensated for the service they provide.” (Office Action mailed June 14, 2006, pp. 4-5). The Patent Office cites to paragraph 0094 of Vestergaard. However, this paragraph does not support the asserted motivation to modify. It merely states that the rights include a description of who should be compensated and how much they should receive for each download. This has nothing to do with the stated motivation to modify Vestergaard. Applicant respectfully submits that the Patent Office has failed to provide any actual evidence in support of its stated motivation to modify Vestergaard. *In re Kotzab*, 217 F.3d 1365, 1370 (Fed. Cir. 2000). Since the Patent Office has failed to provide the requisite evidence, the proposed modification is improper. Since the proposed modification is improper, and the Patent Office has admitted that the unmodified Vestergaard does not teach each and every element, claim 1 is patentable over Vestergaard.

In addition, the proposed motivation to modify Vestergaard does not compel the modification. In fact, in Vestergaard, the purpose is to address the specific problems faced by digital media distribution, which is unlike typical businesses. Further, the question addressed by the present invention is not just to ensure that each party is compensated for the service they provide, but to allow the content owner to both set the retail price of the file to be downloaded

and the resell commission, thereby allowing the content owner to determine the payment to the reseller and the payment received by the content owner. This is not taught or suggested by Vestergaard. Thus, Vestergaard does not teach or suggest “if the second user downloads the particular file from the third party website, paying the first user the reseller commission set for the file; and paying the content owner a payment based on the retail price minus the reseller commission,” as required by claim 1. Claim 1 is therefore patentable for this additional reason.

Claims 12, 23, and 33 are independent claims that contain limitations similar to those in claim 1. Accordingly, claims 12, 23, and 33 are patentable for at least the same reasons set forth above with respect to claim 1.

Additionally, claims 23 and 33 also recite the further limitation that retail price and the reseller commission set by the content owner may be set positively and negatively, and that the content owner can edit the file information and change the retail price and reseller commission in real time. In its analysis of claims 23 and 33, the Patent Office fails to address where Vestergaard teaches that the retail price and reseller commission may be set positively and negatively. In the analysis of claims 4 and 15, which recite similar limitations, the Patent Office admits that Vestergaard fails to explicitly disclose this limitation (Office Action mailed June 14, 2006, p. 5). The Patent Office argues that Vestergaard discloses in paragraph 0152 compensating the distributor a percentage of the gross revenues, and that it would have been obvious to increase or decrease the percentage accordingly “because it provides the content owner the flexibility in adjusting the amount of revenue the content owner decides to retain.” (Office Action mailed June 14, 2006, pp. 5-6). Applicant respectfully submits that the Patent Office has once again failed to provide any actual evidence in support of its stated motivation to modify Vestergaard. *In re Kotzab*, 217 F.3d 1365, 1370 (Fed. Cir. 2000). Since the Patent Office has failed to provide the requisite evidence, the proposed modification is improper. Since the proposed modification is improper, and the Patent Office has admitted that the unmodified Vestergaard does not teach every element, claims 23 and 33 (as well as claims 4 and 15) are patentable over Vestergaard.

Further, the proposed motivation to modify Vestergaard does not compel the modification. Even assuming the content owner of Vestergaard wishes to have flexibility in adjusting the amount of revenue he retains, there is no suggestion given that the content owner may set the retail price and the reseller commission positively and negatively. Adjusting the

percentage of gross revenues for the distributor as disclosed in Vestergaard is simply not equivalent to the content owner setting the retail price and the reseller commission **positively and negatively**, as required by claims 23 and 33, as well as claims 4 and 15. Accordingly, claims 4, 15, 23, and 33 are patentable for this additional reason.

Moreover, Vestergaard does not teach or suggest the content owner can edit the file information and change the retail price and reseller commission in real time, as required by claims 23 and 33. The Patent Office asserts that Vestergaard discloses allowing the content owner to edit the file information in paragraph 0093 (Office Action mailed June 14, 2006, p. 8). Applicant has read paragraph 0093 and finds no indication that the content owner is allowed to edit the file information and change the retail price and reseller commission in real time. Paragraph 0093 only discloses that source data is input into the MPE encoder by the content owner; this is not equivalent to allowing the content owner to edit the file information and change the retail price and reseller commission in real time. Eglen does not teach or suggest the missing limitation either. Eglen does teach a system for dynamically pricing media content (Eglen, paragraphs 0007-0009, 0064, and 0083). However, in Eglen, it is a processor or computer program that dynamically sets the price for a particular item based on the orders for the item at a first set price. Eglen does not teach allowing the **content owner** to edit the file information and change the retail price and reseller commission in real time, as required by the claims of the present invention. Thus, claims 23 and 33 are separately patentable for this additional reason.

Claims 2, 13, 14, 21-24, 33, and 34 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Vestergaard in view of U.S. Patent Application Publication No. 2003/0023505 A1 to Eglen et al. (hereinafter "Eglen"). Applicant respectfully traverses. The standards for obviousness are set forth above.

Applicant initially notes that the present application was filed October 27, 2001 and claims priority to a provisional application dated March 21, 2001. Eglen was filed February 27, 2002, and therefore is prior art only if the portions of Eglen relied upon by the Patent Office in the rejection have support in the provisional applications to which Eglen claims priority. Applicant respectfully requests that the Examiner cite with particularity where in the provisional applications the sections relied upon in the rejections have support.

Even if Eglen is prior art, a point Applicant does not concede, the combination of Vestergaard and Eglen does not teach or suggest each and every element of claims 2 and 13. Claims 2 and 13 recite the further limitation of allowing the content owner to monitor download statistics for the file the content owner posted and to change the retail price and the reseller commission for the file in real-time. The Patent Office admits that Vestergaard fails to teach this limitation, but alleges it is taught by Eglen in paragraphs 0007-009, 0064, and 0083 (Office Action mailed June 14, 2006, p. 6). As set forth above in the discussion of claims 23 and 33, although Eglen does teach a system for dynamically pricing media content, a processor or computer program dynamically sets the price for a particular item based on the orders for the item at a first set price. Eglen does not teach that it is the content owner that monitors download statistics and changes the retail price and the reseller commission, as claimed in the present invention. Neither Vestergaard nor Eglen, alone or in combination, teach or suggest “allowing the content owner to monitor download statistics for the file the content owner posted and to change the retail price and the reseller commission for the file in real-time.” Thus, claims 2 and 13 are separately patentable for this additional reason.

With respect to claims 14, 24, and 34, these claims recite the additional limitation of “generating revenue for the digital marketplace by subtracting a transaction fee from the payment made to the content owner.” Claim 3 has a similar limitation. The Patent Office admits that Vestergaard fails to teach this limitation, but asserts it would have been obvious to modify Vestergaard to reach the claimed invention because Vestergaard teaches compensating the distributor a percentage of the gross revenues or a flat fee (Office Action mailed June 14, 2006, p. 7). However, the Patent Office’s analysis ignores that claims 3, 14, 24, and 34 recite four different entities – the content owner, the first user who searches for files to resell, the second user, and the digital marketplace. Claims 3, 14, 24, and 34 recite a method by which the provider of the digital marketplace gets revenue. The Patent Office is attempting to equate the distributor of Vestergaard as both the first user (reseller) and the digital marketplace of the claimed invention. The distributor of Vestergaard cannot be both the first user of the claims, who receives the reseller commission, and the digital marketplace of the claims, for whom revenue is generated by subtracting a transaction fee from the payment made to the content owner. Accordingly, Vestergaard fails to teach each and every limitation of claims 3, 14, 24,

and 34. Eglen does not cure the deficiencies of Vestergaard with respect to these claims, and therefore, these claims are patentable.

Claims 5, 16, 25, 30-32, and 35 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Vestergaard in view of U.S. Patent No. 6,587,837 B1 to Spagna et al. (hereinafter “Spagna”). Applicant respectfully traverses. The standards for obviousness are set forth above.

Applicant initially submits that the Patent Office has failed to provide the required evidence to support the proposed combination as required by the applicable Federal Circuit case law. *In re Dembiczak*, 175 F.3d 994, 999 (Fed. Cir. 1999). The Patent Office asserts that it would have obvious to combine Vestergaard and Spagna because it provides the content owner flexibility in determining which financial model to choose in order to maximize profit (Office Action mailed June 14, 2006, p. 10). However, the Patent Office does not offer any actual evidence in support of the stated motivation to combine. Accordingly, the motivation is improper, making the proposed combination improper. Since the combination is improper, the rejection should be withdrawn.

Even if combined, Vestergaard and Spagna do not teach each and every element of the claimed invention. As set forth above, Vestergaard does not teach each and every element of the independent claims 1, 12, 23, and 33. Spagna does not cure the deficiencies of Vestergaard in regards to independent claims. Claims 5, 16, 25, 30-32, and 35 each depend directly or indirectly from one of these independent claims, and are thus patentable for at least the same reasons. Moreover, with respect to claim 30, the combination of Vestergaard and Spagna does not disclose “implementing at least six pricing models for file downloads within the digital marketplace, including a pay-per-download a model, a subscription model, a broadcast model, a private download model, a donation, and an infomercial model.” Accordingly, claim 30 is patentable for this additional reason.

Claims 6 and 17 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Vestergaard in view of U.S. Patent No. 6,112,181 to Shear et al. (hereinafter “Shear”). Claims 7 and 18 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Vestergaard in view of Shear and further in view of Spagna. Applicant respectfully traverses. The standards for obviousness are set forth above.

Applicant initially submits that the Patent Office has failed to provide the required evidence to support the proposed combination as required by the applicable Federal Circuit case law. *In re Dembiczak*, 175 F.3d 994, 999 (Fed. Cir. 1999). The Patent Office asserts that it would have obvious to combine Vestergaard and Shear because it provides the distributor with digital files that closely match their search criteria (Office Action mailed June 14, 2006, p. 11). However, the Patent Office does not offer any actual evidence in support of the stated motivation to combine. In fact, this is exactly the sort of conclusory statement made to allegedly support a motivation to combine which was rejected by the Federal Circuit in *Dembiczak*, 175 F.3d 994 at 999. In addition, no motivation at all is provided to support the three way combination of Vestergaard, Shear, and Spagana. Accordingly, the motivation is improper, making the proposed combination improper. Since the combination is improper, the rejection should be withdrawn.

Even if combined, Vestergaard and Shear do not teach each and every element of the claimed invention. As set forth above, Vestergaard does not teach each and every element of independent claims 1, 12, 23, and 33. Shear does not cure the deficiencies of Vestergaard in regards to the independent claims. Claims 6, 7, 17, and 18 depend directly or indirectly from claims 1 or 12, and are thus patentable for at least the same reasons as claims 1 and 12.

Claims 8, 9, 19, and 20 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Vestergaard in view of U.S. Patent No. 5,819,092 to Ferguson et al. (hereinafter "Ferguson"). Applicant respectfully traverses. The standards for obviousness are set forth above.

The combination of Vestergaard and Ferguson does not teach each and every element of the claimed invention. Claims 8 and 19 recite the limitation of requesting the first user to enter sorting options for the search. Claims 9 and 20 add the further limitation of including as the sorting options sorting the matching files by popularity, by date, by size, by price, and by the reseller commission. As set forth above, Vestergaard does not teach each and every element of independent claims 1, 12, 23, and 33. Ferguson does not cure the deficiencies of Vestergaard in regards to the independent claims. Claims 8, 9, 19, and 20 depend directly or indirectly from claims 1 or 12, and are thus patentable for at least the same reasons as claims 1 and 12. In addition, although Ferguson does disclose searching through large collections of online documents, including searching by attributes such as date, size, and fee, Ferguson does not teach or disclose sorting the matching files by popularity and by reseller commission, as required by



claims 9 and 20. Nor does Ferguson teach or suggest the step of requesting the first user to enter sorting options for the search, as required by claims 8 and 19. Thus, claims 8, 9, 19, and 20 are patentable for these additional reasons.

Claims 26, 27, 36, and 37 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Vestergaard in view of Eaglen and Spagna and further in view of Shear. Claims 28, 29, and 38 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Vestergaard in view of Eaglen and Spagna and further in view of Ferguson. Claim 39 was rejected under 35 U.S.C. § 103(a) as being unpatentable over Vestergaard in view of Eaglen and further in view of Ferguson. Claim 40 was rejected under 35 U.S.C. § 103(a) as being unpatentable over Vestergaard in view of Eaglen and Ferguson and further in view of Spagna. Applicant respectfully traverses. The standards for obviousness are set forth above.

As set forth above, the Patent Office has failed to properly support the motivation to combine the cited references. In addition, each of claims 26-29 and 37-40 depend directly or indirectly from independent claims 23 or 33. As argued above, Vestergaard does not teach each and every element of independent claims 23 and 33. None of the other cited references, alone or in combination, cure the deficiencies of Vestergaard in regards to independent claims 23 and 33. Since claims 26-29 and 37-40 depend directly or indirectly from claims 23 or 33, and contain all of the limitations of the independent claim from which they depend, claims 26-29, and 37-40 are thus patentable for at least the same reasons as claims 23 and 33.

The present application is now in condition for allowance and such action is respectfully requested. The Examiner is encouraged to contact Applicant's representative regarding any remaining issues in an effort to expedite allowance and issuance of the present application.

Respectfully submitted,

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